



# **PDI 2007 - ARMY DAY**

## **NSPS BUDGET IMPLICATIONS**

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# Pay is Linked to Performance





# Expectations Link to Mission



- **Supervisors and employees identify results-oriented job objectives, aligned to mission**
- **Job objectives will reflect the job expectations, duties, and responsibilities for the encumbered position.**
- **The performance plan establishes the framework by which to:**
  - **Identify potential developmental needs**
  - **Monitor performance**
  - **Engage in ongoing dialogue**





# Statutory Requirement for Funding NSPS



- **Statutory Requirement-** Spend equivalent percent for civilian pay as was spent historically under Title 5.

## §9901.313 National Security Compensation Comparison

a) To the maximum extent practicable, for the fiscal years 2004 through 2008, the overall amount allocated for compensation of the DoD civilian employees who are included in the NSPS may not be less than the amount that would have been allocated for compensation of such employees for such fiscal years if they had not been converted to NSPS, based on at a minimum:

- (1) The number and mix of employees in such organizational or functional units prior to conversion of such employees to NSPS;
- (2) Adjustments for normal step increases and rates of promotion that would have been expected, had such employees remained in their previous pay schedule.

- **Policy Requirement-** Ensure dollars previously spent for WIGIs, QSIs, and In-Band promotions get redirected to Performance-Based Pay based on Parts 9901-9904 of Title 5 United States Code.
  - Dept. of the Army NSPS Policy Instructions
  - Organizational level Policy



# Funding Plan



	<b>Jan 2007</b> (Spiral 1.1)	<b>Jan 2008</b> (Spiral 1.1, 1.2, 1.3)	<b>Jan 2009</b> (All Spirals)
<b>Element 1:</b> <b>Base Pay</b>	Funding floor derived from historical spending	2.26% funding floor mandated at Component level.	Funding floor formula to be established by SecDef
<b>Element 2:</b> <b>LMS/Rate Range Adjust</b>	Full GPI used for rate range adjustments and LMS.  0% in pay pool.	GPI can be split between rate range increases, LMS, and pay pool funding at discretion of SecDef.	GPI can be split between rate range increases, LMS, and pay pool funding at discretion of SecDef.
<b>Element 3:</b> <b>Bonus (cash awards)</b>	Component Guidance  Annual January payouts must be certified for compliance- payout must be at least minimum funding floor level.	Component Guidance	Component Guidance



# Why 2.26%



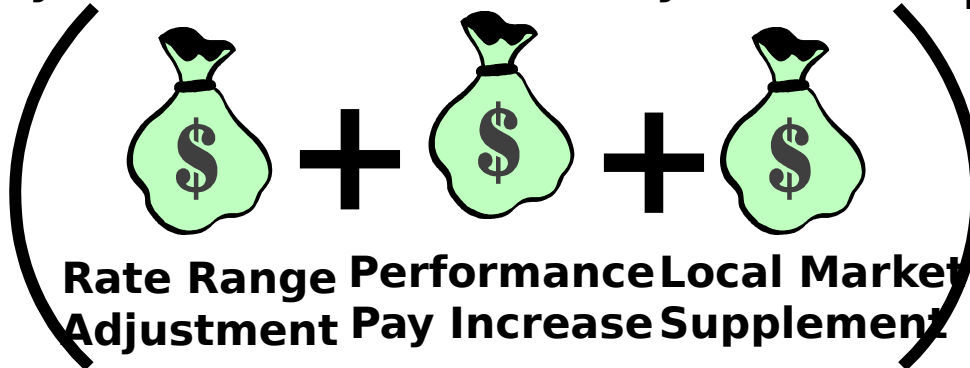
NSPS PEO analyzed historical spending by organization. An historical funding estimate was developed for pay for performance (Element 1) based on: WGLs, QSIs, and promotions that go away under NSPS pay banding.

	2004	2005	2004-2005
<b>Army</b>	2.23%	2.38%	2.31%
<b>Navy</b>	2.14%	2.13%	2.14%
<b>Air Force</b>	2.37%	2.38%	2.37%
<b>4<sup>th</sup> Estate</b>	2.17%	2.21%	2.19%
<b>AVERAGE</b>	2.22%	2.29%	<b>2.26%</b>

\*Only non-bargaining unit employees included



# Elements of Pay



- **Paid Over 26 Pay Periods, Effective in January**
- **Counts Toward Retirement**



**Performance-Based Bonus**  
**[ Lump Sum ]**  
**Does Not Count**  
**Toward Retirement**



# Pay Pool vice Non-Pay Pool Compensation



## SECDEF Decisions (Outside Pay Pool)

- Rate-Range Adjustments \*
- Local-Market Supplement (LMS) \*

## Performance-Based Pay (Inside Pay Pool)

- WGLs \*\*
- QSLs \*\*
- Promotions
- Annual Bonuses
- Portion of GPI \*\*\*

Money historically spent

## Incentive Awards (Outside Scope of NSPS)

- Special Act
- On-the-Spot
- Time Off
- Etc.

\* Funded by annual January pay increase

\*\* Does not exist under NSPS

\*\*\* Portion remaining, if any, after funding rate-range adjustments and LMS - Use of this element to be phased in later.



# What does the Pay Pool Fund?



## Performance-Based Pay (Inside Pay Pool)



- WGIs
- QSIs
- Promotions
- Annual Bonuses
- Portion of GPI

Money  
histori-  
cally  
spent

## Example:

### Funds for Performance Pay Increase **Element 1**

- WGIs
  - QSIs
  - Promotions
- + 2.26 %

### **Element 2**

- Portion of GPI \* 1.0 %

### **Element 3**

- Annual Bonuses 1.2 %

**Pay Pool Payout Factor w/ Element 2** **4.46%**

**Pay Pool Payout Factor- no Element 2**

**3.46%**

\* May or may not be paid to Pay Pool



# Decision Points - Budget Impact



NSPS

Pay Pool funding = Same Civilian Pay \$ as before

**NO NEW \$**

## Administration of Pay Pool Funding:

- What amount do I set aside for **Element 1, base salary** increases?
- What amount must be set aside for **total base salary** increases?
- What amount do I set aside for **Element 3, Bonus** pay out?
- Should funds be **equally distributed** among pay pools?

## **CAUTION: BUDGET BUSTING AREA**

## Management of Promotions and Hiring actions:

- Is there a plan to advance people at the appropriate rate to maintain affordability as well as develop an appropriately structured organization? i.e. ACDP more quickly, journeymen more slowly
- Is there an affordable plan to bring needed resources on board in a balanced manner in order to stay within budget?



# What amount must be set aside for

## ~~Element 1 base salary increases?~~



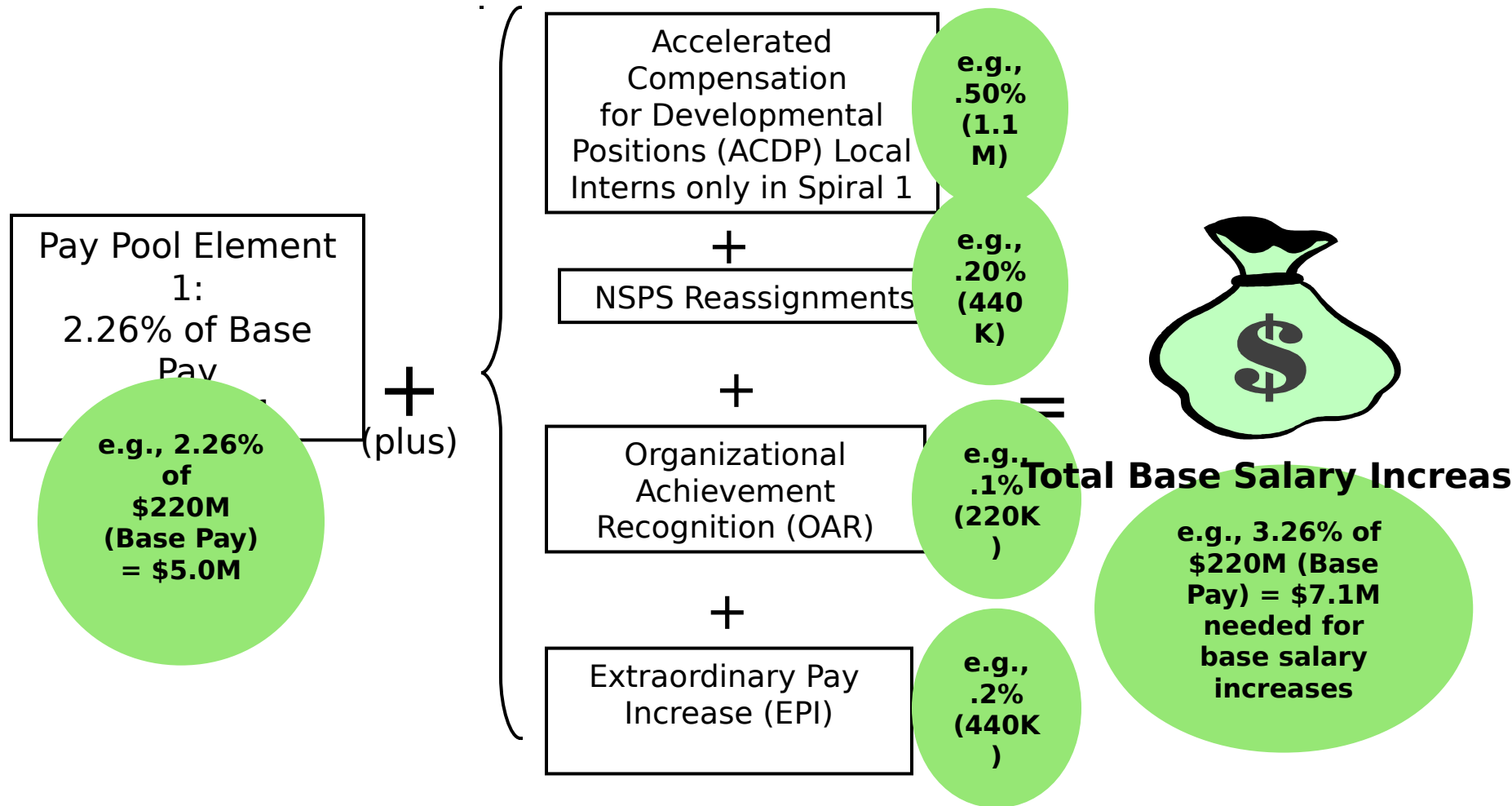
**DoD Mandated Floor for Spiral 1**

**Spiral 1 Example:**

**2.26% X 220M Base Pay  
= 49.7M Element 1 Funding for  
Performance- based salary increases**

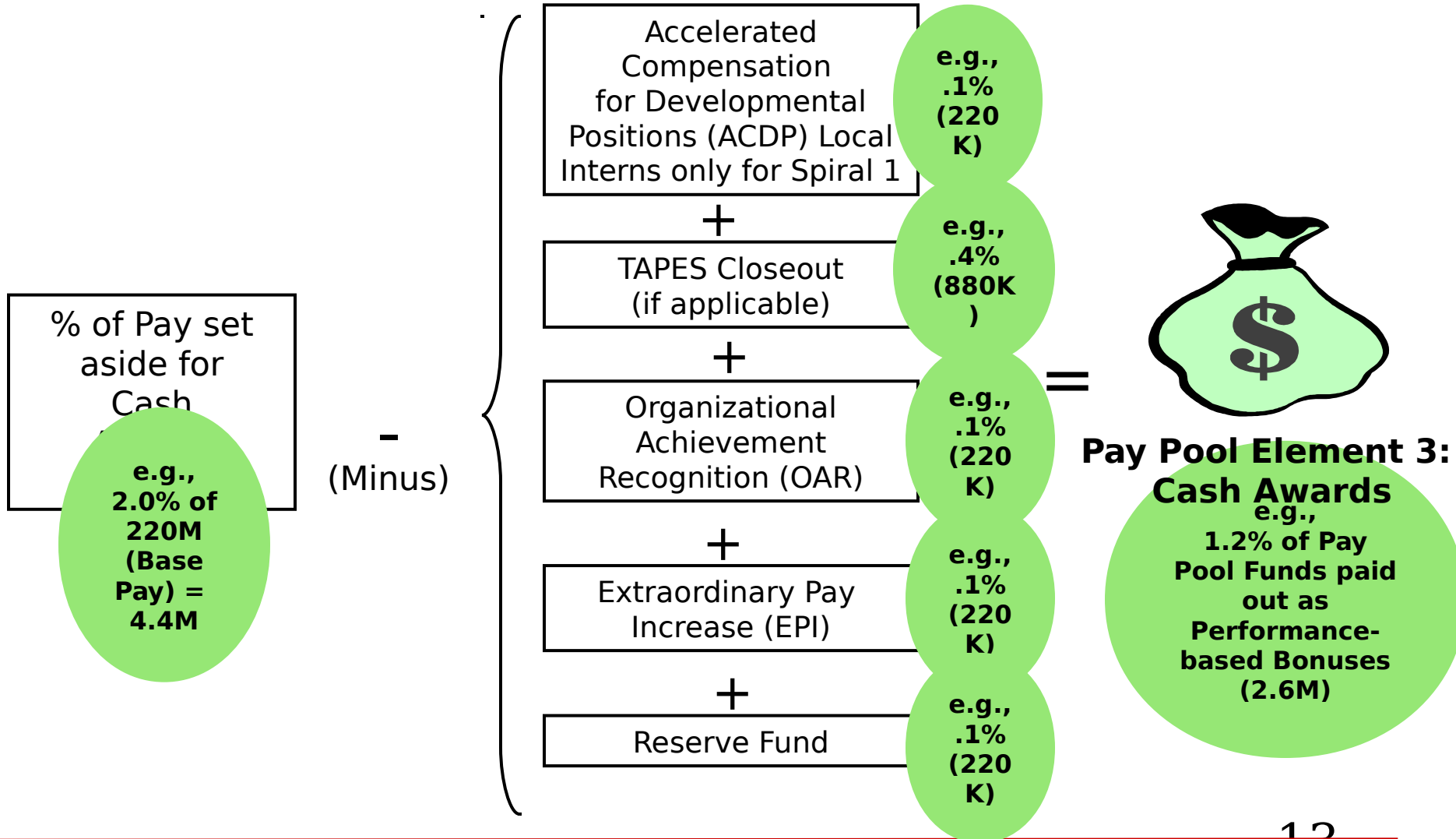


# What amount must be set aside for total base salary increases? (Spiral 1)





# What amount do I set aside for Element 3, bonus pay out? (Spiral 1)





# CAUTION: BUDGET BUSTING AREA



## Management of Promotions and Hiring actions:

- Is there a plan to advance people at the appropriate rate to maintain affordability as well as develop an appropriately structured organization? i.e. ACDP more quickly, journeymen more slowly
- Is there an affordable plan to bring needed resources on board in a balanced manner in order to stay within budget?



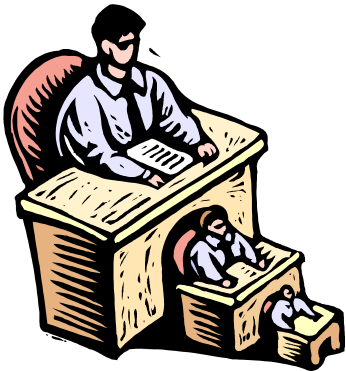
# Pay and Career Progression



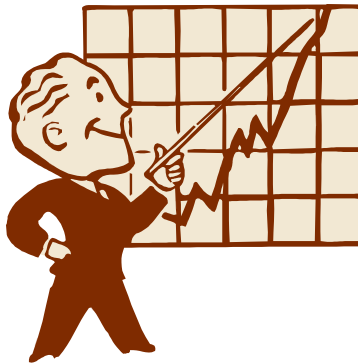
Band 1 Entry Level	Band 2 Full Performance Level	Band 3 Expert
	\$38K \$85K	

Standard - Professional/Analytical

**Pay and progression within a band is determined by a combination of factors :**



**Level of Work**



**Budget Constraints**

**Labor Market (value/location)**



**Performance & Qualification**



# Civilian Pay for Budget



## MACOM LEVEL

- Monitor and measure execution against your program.
- Estimate civilian pay rates for your command.
- Budget civilian pay utilizing rates provided by FM&C.
- Justify civilian pay as a portion of your program.

## HQDA, FM&C

- Army estimates program and budget years' rates based on the previous year's obligations as of 30 Sep (data is 2 years old by year of execution).
- Development of pay rates is independent of pay schedules.
- Every year the Army re-baselines & ages its civilian pay rates.
- We examine execution during monthly and mid-year reviews, building of the POM, and development of the President's Budget.





# Civilian Pay Costing Systems



- **Civilian Rates & Execution (CRE):**
  - Process/scrub certified execution data file from DFAS
  - Develop civilian pay rates based on most recent full year of execution data and inflation factors
- **Civilian Manpower Integrated Costing System (CMICS):**
  - Calculate civilian manpower costs = (CRE rates \* manpower)
  - Import Special MDEP dollars
  - Provide Affordability Reports
- **Civilian Army Budgeting System (CABS):**
  - Import costed manpower from CMICS for analysis and budget exhibit generation
  - Build budget deltas, budget exhibits/reports for OSD, Congress, and HQDA staff

\*\*\* Rates are generated and applied independent of pay schedules. Levels of calculation and costing are ROC(location), CTYPE (type of civilian), and rate group (type of work).



# NSPS Impact to Civilian Pay Rate Generation Process



The development of civilian pay rates is based on execution data at ROC, CTYPE, and Rategroup levels. The current process is independent of pay schedules. It is not anticipated that this process will change until execution data under NSPS becomes available in conjunction with market salary data to be provided by G-1.

- ROC (location)- Similar to level at which HQDA provides dollars to commands
- CTYPE (type of civilian)- Part of EOR (element of resource) code
- Rategroup (type of work)- Accounts for different types of work performed by civilians

➤ While NSPS does not have an immediate impact to the civilian pay rate and budget exhibit generation process, it will be critical for commands to monitor and understand their civilian pay execution under NSPS as the basis for future rates.



# Army Spiral 1 Implementation Summary



## Implementation Schedule

Spiral 1.1 Implemented - CHRA employees on 30 Apr 06  
Spiral 1.2 Implemented 12 Nov 06/21 Jan 07  
Spiral 1.3 Implemented 18 Mar 06/15 Apr 07  
Spiral 2 Oct 07 - Jan 08 (191K)  
Spiral 3 Oct 08 - Jan 09 (8K)

Army	1.1	1.2 12 Nov	1.2 21 Jan	1.2 18 Feb	1.3B 18 Mar	1.3D 15 Apr	Total s
US Army Military District of Washington		79			6		85
US Army Medical Command		595				3,540	4,135
Headquarters, Department of the Army	2,350	1,519	2,733	1,833	2,475	11,014	21,924
US Army Surface Distribution and Deployment Command			160	31			191
US Army Forces Command			522		342	37	901
US Army Materiel Command		472	256	1,470		2,097	4,295
US Army Corps of Engineers			4,401			1,920	6,321
US Army Training and Doctrine Command			76		31	2,101	2,208
US Army South			167				167
US Army Pacific						550	550
US Army National Guard Bureau					334		334
US Army Special Operations Command						119	119
US Army Space and Missile					326		326



# Back Up Slides



# Sample Business Rules for Pay Setting



- **Setting Initial Pay**
  - Hiring Authority may recommend up to 3% increase above current salary
  - PPM may approve up to 5%
  - PRA must approve above 5%
- **Reassignment**
  - Hiring Authority may recommend up to 3%
  - PPM must approve 3%-5%
- **Promotions**
  - Hiring Authority may recommend up to 6%
  - PPM must approve between 6%-12%
  - PRA must approve above 12%



# Basis for Civilian Pay Rate Development



- ❑ CTYPE (type of employee):
  - 101- GS
  - 102- Wage Grade
  - 105- Koreans
  - 110- Other Direct hire Foreign Nationals
  - 121- SES
  - 124/125- Miltechs
  - 130- HQDA Interns
  - 305- Students
  - 202- German Nationals
  - 204- Korean Service Corp.
  - 205- Japanese Master Labor Contract
  - 206- Other Indirect Hire Foreign Nationals

- ❑ Rate Group (type of work):
  - 1) AMHA
  - 2) BaseOps, AFHO
  - 3) all other
  - 4) RDTE- Mission
  - 5) MCA- Mission
  - 6) AWCF- Mission
- ❑ ROC (location):
  - 1) Resource Organization Code



# Pay for Performance



## □ Pay for Performance

### Performance Ratings and Reward Eligibility

Performance Rating Level	Performance Description	Employees are eligible to receive:	Shares Awarded
5	Role Model	Performance Based Pay	5-6
4	Exceeds Expectations	Rate Range Adjustments	3-4
3	Valued Performer	Local Market Supplements Increases	1-2
2	Fair	Rate Range Adjustments Local Market Supplement Increases	0
1	Unsuccessful	No Increases of any kind.	0

## □ Eligibility vs. Entitlement

- Pay Pool membership creates eligibility for a payout- not entitlement for each employee.
- Payout is subject to pay pool panel reconciliation, final approval of the pay pool manager, and share value adjustments by the PRA.



# Performance Evaluation

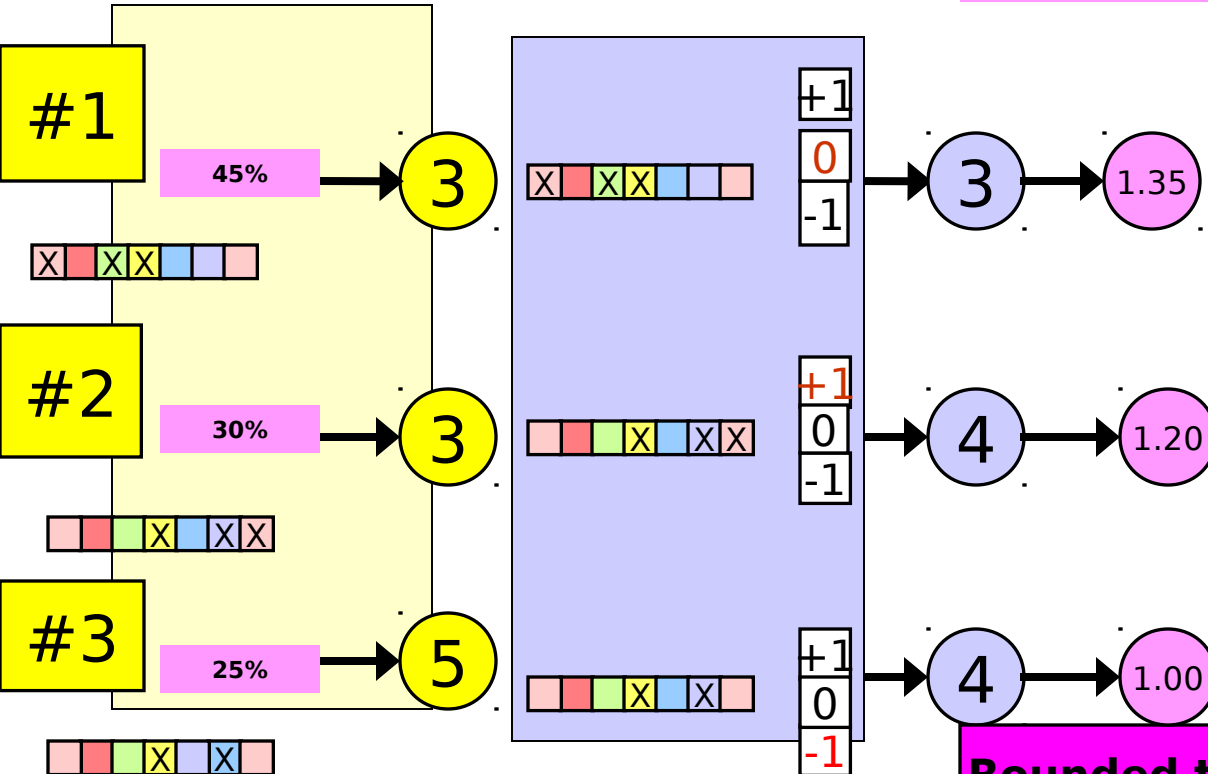


Rate each Job Objective  
"What"  
Weight

Assess "How"  
as  
a whole

Apply Weight

Rating of Record	Rating of Record Descriptor	Shares
5	Role Model	5 or 6
4	Exceeds Expectation	3 or 4
3	Valued Performer	1 or 2
2	Fair	0
1	Unacceptable	0



Shares



Drives Payout

Rounded to 4





# Roles and Responsibilities



## DA Level

- Establishes policy for pay pool distribution between pay increases and bonuses.
- Determines policy for distribution of Element 2 funding, if any.
- Determines average salary by standard career group within each command.
- Monitors civilian payroll costs for compliance with NSPS policy and for future budget implications.

## Command Level

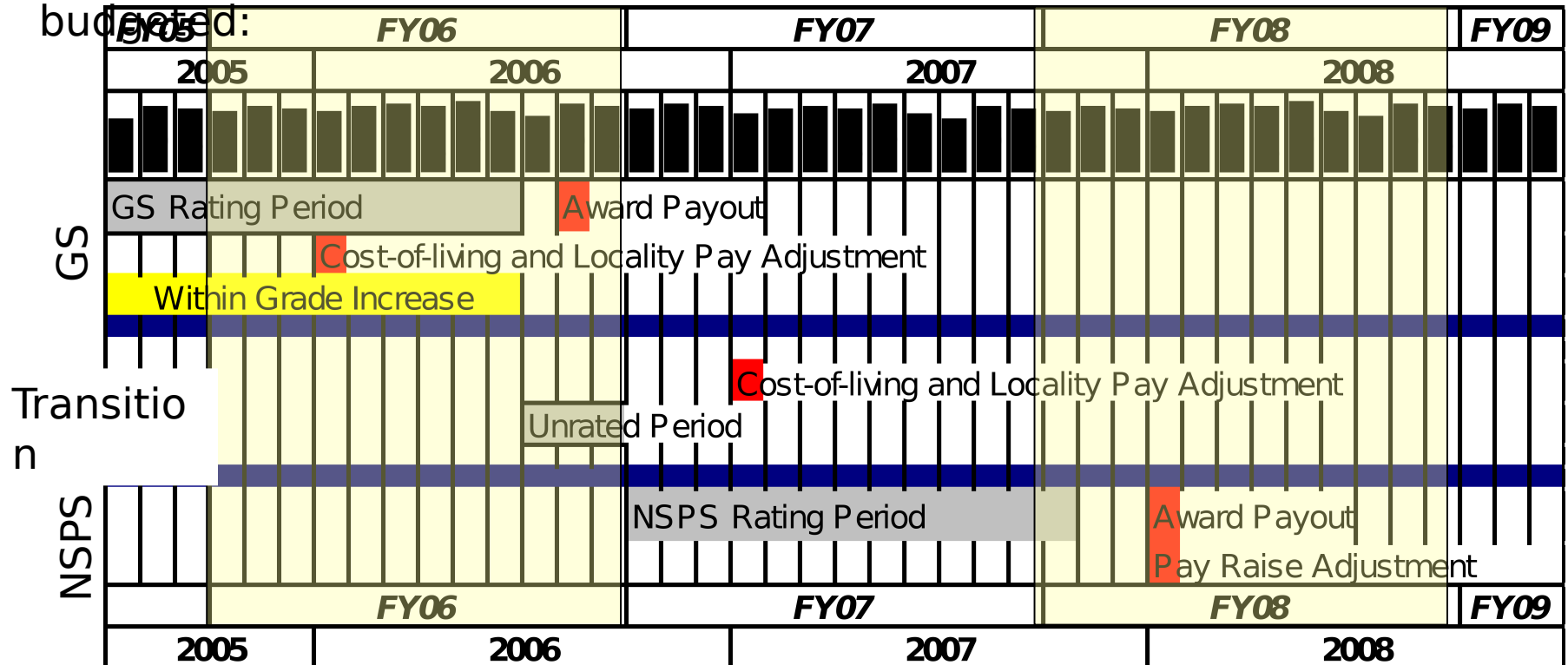
- Accommodates skip year of performance awards.
- Decides distribution of funds by pay pool - equal or varied.
- Identifies pay pools within the organization.
- Identifies pay pool panel members & managers.
- Develops Metrics: monitor civilian payroll costs to ensure sufficient funds are available.
- Identifies hiring strategies: i.e. interns vice journeymen; “hot skills”, retention issues.
- Mandates affordability review of hiring and promotion actions.
- Determines hiring and salary negotiation policy and levels of authority.
- Establishes pay band control points.
- Ensures internal and external equity across the organization; opportunity to realign based on scope and complexity of jobs



# Performance Period and Payout Timeline



In the fiscal year of conversion to NSPS, payroll costs should be less than budgeted:



- No obligation for performance awards – obligation occurs the following FY.
- No WIGI pay raises – these costs are now part of the pay pool paid out beginning in January of the following FY.
- Performance Period for FY07 *only* ends 31 October 2007. Subsequent years end 30 September.



# Compensation Architecture

## □ Career Groups & Pay Schedules

### SCIENTIFIC & ENGINEERING CAREER GROUP

- Professional
- Technician/Support
- Supervisor/Manager

**18% of DoD  
workforce**

### INVESTIGATIVE & PROTECTIVE SERVICES CAREER GROUP

- Investigative
- Fire Protection
- Police/Guard
- Supervisor/Manager

**6% of DoD workforce**

### STANDARD CAREER GROUP

- Professional/Analytical
- Technician/Support
- Student Employment
- Supervisor/Manager

**71% of DoD workforce**

### MEDICAL CAREER GROUP

- Physician/Dentist
- Professional
- Technician/Support
- Supervisor/Manager

**5% of DoD workforce**



**Department of Defense**  
**National Security Personnel System**  
**Worldwide Pay Table**



Schedule #2

Issue Date: 07 JAN 2007

**Standard Career Group**

**PAY SCHEDULES**

**BASE SALARY (PER ANNUM)**

**Professional/Analytical (YA)**

**Minimum**

**Maximum**

Pay Band 1	\$25,623	-	\$61,068
Pay Band 2	\$38,824	-	\$87,039
Pay Band 3	\$75,879	-	\$127,031

**Technician/Support (YB)**

**Minimum**

**Maximum**

Pay Band 1	\$16,630	-	\$37,130
Pay Band 2	\$31,740	-	\$55,580
Pay Band 3	\$46,974	-	\$73,194

**Supervisor/Manager (YC)**

**Minimum**

**Maximum**

Pay Band 1	\$31,740	-	\$61,068
Pay Band 2	\$56,301	-	\$107,991
Pay Band 3	\$79,115	-	\$127,031

**Student (YP)**

**Minimum**

**Maximum**

Pay Band 1	\$16,630	-	\$61,068
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**Authority:** This schedule of minimum and maximum rates has been established under the authority of paragraphs 9901.321 and 9901.322 of title 5, Code of Federal Regulations.

[Standard Local Market Supplements](#)

[Target \(Occupation\) Local Market Supplement](#)

Effective Date: 7 January 2007  
Supersedes Schedule Issued: 28 April 2006



**Department of Defense**  
**National Security Personnel System**  
**Worldwide Pay Table**



Schedule #2

Issue Date: 07 JAN 2007

**Scientific and Engineering Career Group**

**PAY SCHEDULES**

**BASE SALARY (PER ANNUM)**

**Professional (YD)**

**Minimum**

**Maximum**

Pay Band 1	\$25,623	-	\$61,068
Pay Band 2	\$38,824	-	\$87,039
Pay Band 3	\$75,879	-	\$127,031

**Technician/Support (YE)**

**Minimum**

**Maximum**

Pay Band 1	\$16,630	-	\$37,130
Pay Band 2	\$31,740	-	\$55,580
Pay Band 3	\$46,974	-	\$73,194
Pay Band 4	\$63,809	-	\$87,039

**Supervisor/Manager (YF)**

**Minimum**

**Maximum**

Pay Band 1	\$31,740	-	\$61,068
Pay Band 2	\$56,301	-	\$107,991
Pay Band 3	\$75,879	-	\$127,031

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**Department of Defense**  
**National Security Personnel System**  
**Worldwide Pay Table**



Schedule #2

Issue Date: 07 JAN 2007

<b>Medical Career Group</b>			
<b>PAY SCHEDULES</b>		<b>BASE SALARY (PER ANNUM)</b>	
<b>Physician/Dentist (YG)</b>	<b>Minimum</b>		<b>Maximum</b>
Pay Band 2	\$86,445	-	\$175,000
Pay Band 3	\$111,870	-	\$225,000
<b>Professional (YH)</b>	<b>Minimum</b>		<b>Maximum</b>
Pay Band 1	\$25,623	-	\$61,068
Pay Band 2	\$38,824	-	\$102,848
Pay Band 3	\$75,879	-	\$127,031
<b>Technician/Support (YI)</b>	<b>Minimum</b>		<b>Maximum</b>
Pay Band 1	\$16,630	-	\$37,130
Pay Band 2	\$31,740	-	\$55,580
Pay Band 3	\$46,974	-	\$73,194
<b>Supervisor/Manager (YJ)</b>	<b>Minimum</b>		<b>Maximum</b>
Pay Band 1	\$31,740	-	\$61,068
Pay Band 2	\$56,301	-	\$107,991
Pay Band 3	\$79,115	-	\$127,031
Pay Band 4	\$101,700	-	\$200,000

**Authority:** This schedule of minimum and maximum rates has been established under the authority of paragraphs 9901.321 and 9901.322 of title 5, Code of Federal Regulations.

[Standard Local Market Supplements](#)

[Target \(Occupation\) Local Market Supplement](#)

Effective Date: 7 January 2007  
Supersedes Schedule Issued: 28 April 2006



**Department of Defense**  
**National Security Personnel System**  
**Worldwide Pay Table**



Schedule #2

Issue Date: 07 JAN 2007

**Investigative and Protective Services**

**PAY SCHEDULES**

**BASE SALARY (PER ANNUM)**

**Investigative (YK)**

**Minimum**

**Maximum**

Pay Band 1	\$25,623	-	\$61,068
Pay Band 2	\$38,824	-	\$87,039
Pay Band 3	\$75,879	-	\$127,031

**Fire Protection (YL)**

**Minimum**

**Maximum**

Pay Band 1	\$16,630	-	\$37,130
Pay Band 2	\$31,740	-	\$55,580
Pay Band 3	\$46,974	-	\$73,194
Pay Band 4	\$63,809	-	\$102,848

**Police/Security Guard (YM)**

**Minimum**

**Maximum**

Pay Band 1	\$16,630	-	\$37,130
Pay Band 2	\$31,740	-	\$55,580

**Supervisor/Manager (YN)**

**Minimum**

**Maximum**

Pay Band 1	\$31,740	-	\$61,068
Pay Band 2	\$56,301	-	\$107,991
Pay Band 3	\$79,115	-	\$127,031

**Authority:** This schedule of minimum and maximum rates has been established under the authority of paragraphs 9901.321 and 9901.322 of title 5, Code of Federal Regulations.

[Standard Local Market Supplements](#)

[Target \(Occupation\) Local Market Supplement](#)

Effective Date: 7 January 2007  
Supersedes Schedule Issued: 28 April 2006



# PAY SETTING



## □ Promotion

- Minimum 6% but no more than 20%
- Higher than 20% requires higher level manager approval

<b>1</b> Entry Level/Developmental <b>\$25,195 - \$60,049</b>		<b>2</b> Full Performance Level <b>\$38,175 - \$85,578</b>		<b>3</b> Program Manager/Expert <b>\$74,608 - \$124,904</b>
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## □ Reduction in Band

- Involuntary - may reduce pay up to 10%
- Voluntary - may increase pay up to 5% in 12-month period